

Energy Technologies Inc.
MATRRIX
 Drilling. Technology. Focused.

MATRRIX ANNOUNCES FOURTH QUARTER AND ANNUAL 2014 RESULTS

(Expressed in Thousands of Canadian Dollars)

DATE: April 23, 2015

CALGARY, ALBERTA – MATRRIX Energy Technologies Inc. (“MATRRIX” or the “Corporation”) (TSX-V: MXX) announces financial results for the fourth quarter and year ended December 31, 2014.

OVERALL HIGHLIGHTS

FOURTH QUARTER 2014 SUMMARY (Compared with a year earlier)

- achieved consolidated revenue of \$9,818, up 29% from \$7,626
- consolidated gross margin of 24%, down from 28%
- recorded net income of \$261, up 187% from net loss of \$299
- Adjusted EBITDA of \$1,074, up 81% from \$594

YEAR ENDED 2014 SUMMARY (Compared with a year earlier)

- achieved consolidated revenue of \$34,844, up 38% from \$25,256
- consolidated gross margins of 26%, up from 24%
- recorded net income of \$1,442, up 180% from net loss of \$1,795
- Adjusted EBITDA of \$4,529, up 520% from \$731

FINANCIAL HIGHLIGHTS

	Three Months Ended December 31			Year ended December 31			
	2014	2013 ⁽¹⁾	% Change	2014 ⁽²⁾	2013 ^{(1),(2)}	% Change	2012 ⁽²⁾
Revenue	9,818	7,626	29%	34,844	25,256	38%	12,960
EBITDA _(i)	1,032	647	60%	4,285	685	526%	789
EBITDA per share							
Basic	0.03	0.02	50%	\$0.13	\$0.02	550%	\$0.02
Diluted	0.03	0.02	50%	\$0.13	\$0.02	550%	\$0.02
Adjusted EBITDA _(ii)	1,074	594	81%	4,529	731	520%	1,477
Adjusted EBITDA per share							
Basic	0.03	0.02	50%	\$0.14	\$0.02	600%	\$0.03
Diluted	0.03	0.02	50%	\$0.14	\$0.02	600%	\$0.03
Net Income (loss)	261	(299)	187%	1,442	(1,795)	180%	(469)
Net Income (loss) per share							
Basic	0.01	(0.01)	200%	\$0.04	(\$0.06)	167%	(\$0.01)
Diluted	0.01	(0.01)	200%	\$0.04	(\$0.06)	167%	(\$0.01)
Funds flow _(iii)	1,320	527	150%	4,426	682	549%	1,239
Gross Margin _(iv)	2,399	2,160	11%	9,103	6,154	48%	3,929
Capital expenditures (net of lost in hole replacements)	1,325	1,194	11%	5,372	3,505	53%	11,084
Directional and horizontal systems available	26	23	13%	26	23	13%	20
Weighted Average common shares outstanding	32,185	32,185	-	32,185	32,183	-	31,697
Weighted Average diluted common shares outstanding	32,185	32,185	-	32,185	32,183	-	31,697

(1) – Amounts related to these periods are revised amounts as discussed in the December 31, 2014 Corporations MD&A.

OUTLOOK

The principal business strategy of MATRRIX is to purchase and deploy drilling technology in Canada and the United States, and actively seek investment opportunities to acquire existing drilling technology services businesses. As at the date of this Press Release, 26 Systems are available for deployment to the field in the WCSB and the United States.

The industry in North America now focuses on horizontal drilling to drill conventional and unconventional oil and liquids-rich natural gas plays across North America. There always exists uncertainty over commodity prices and related customer capital expenditure programs. Macroeconomic factors have significantly affected capital spending and overall drilling activity levels in North America, which is the Corporation's operating area. As such, the Corporation has experienced significant reductions in activity and pricing during Q1 2015 and expects the reductions to continue for 2015, and for the foreseeable future.

Canada

The customer base in Canada was expanded in 2014 with customers having a mix of oil and/or liquids rich capital programs. The growth in revenue was from increased work with new, and existing customers. Customers are extremely cautious about capital spending in 2015, and industry activity levels in Western Canada are currently expected to decline by 50%. That, coupled with competitive and pricing pressure, leads the Corporation to expect its overall Canadian results will be down materially in 2015. However, with potentially large field developments of LNG for eventual export from Canada, there is optimism for improvements in activity beyond 2015, subject to marked improvements in oil and gas commodity pricing and the approval of LNG infrastructure projects, the timing and likelihood of those projects is uncertain. MATRRIX continues to build relationships with active current and potential customers in Canada to maximize revenue in this challenging environment. The Corporation is keenly focused on managing costs through reductions in staffing and compensation levels, managing equipment vendor relationships, and a continuous effort to improve operational efficiency.

USA

MATRRIX continues to provide performance drilling operations in Texas (Permian Basin) while marketing horizontal and directional drilling services in both Texas and Oklahoma. Activity levels in both of these regions have been negatively impacted by reductions in commodity prices, capital spending, and drilling activity. As such, the Corporation is carefully executing its strategy to maintain and expand its revenue base in these areas, through maximizing service quality, while maintaining reasonable field margins with an eye to strong operational efficiency and optimizing drilling operations.

MATRRIX has a strong balance sheet, and strives to maintain operational excellence for existing customers, while mining new sales opportunities regardless of the competitive and commodity price environment.

President Richard Ryan States:

"2014 is the Company's third full calendar year of operation. With revenue of \$35 million, Adjusted EBITDA of \$4.5 million, and net income of \$1.4 million, we achieved results that were consistent with our long term growth plan. However, 2015 will be a challenging year for the industry and our organization. We are seeing significant reductions in customer activity and spending in both Canada and the USA. Given this environment, our team is focused on service quality, cost control, and

efficiency improvements, while maintaining a strong cash position and zero debt. Industry downturns are always a catalyst for positive change, and we intend to use this pause in our growth to sharpen our skills, systems, processes, and focus. Customer satisfaction is core to our culture, and we remain committed to delivering industry leading technology and services, which will provide leverage for the eventual upturn in drilling activity.”

The Corporation's financial statements and management's discussion and analysis for the three months and year ended December 31, 2014 will be available on SEDAR at www.sedar.com.

NON-GAAP MEASURES

This MD&A contains references to (i) EBITDA; (ii) Adjusted EBITDA; (iii) Funds Flow; and (iv) Gross Margin. These financial measures are not measures that have any standardized meaning prescribed by IFRS and are therefore referred to as non-GAAP measures. The non-GAAP measures used by the Corporation may not be comparable to similar measures used by other companies.

- (i) EBITDA is not a measure recognized under IFRS and does not have a standardized meanings prescribed by IFRS. EBITDA is defined as “income (loss) before interest expense, income taxes, depreciation and amortization.

	Three Months Ended December 31			Year ended December 31		
	2014	2013	% Change	2014	2013	% Change
Net income (loss)	261	(299)	187%	1,442	(1,795)	180%
Depreciation	771	946	(19)%	2,799	2,580	8%
Tax Expense (recovery)	-	-	-	44	(100)	144%
EBITDA	1,032	647	60%	4,285	685	526%

- (ii) Adjusted EBITDA is defined as “income (loss) before interest income, interest expense, taxes, business acquisition transaction costs, reverse takeover adjustments, depreciation and amortization, shared based compensation expense, gains on disposal of property and equipment and foreign exchange.” Management believes that in addition to net and total comprehensive income (loss), Adjusted EBITDA is a useful supplemental measure as it provides an indication of the results generated by the Corporation’s principal business activities prior to consideration of how these activities are financed, how the results are taxed in various jurisdictions, or how the results are affected by the accounting standards associated with the Corporation’s stock based compensation plan.

	Three Months Ended December 31			Year ended December 31		
	2014	2013	% Change	2014	2013	% Change
EBITDA	1,032	647	60%	4,285	685	526%
(Gain)/loss from disposition of property and equipment	43	(3)	1533%	194	(17)	(1,241)%
Gain from equipment lost in hole	-	-	-	(392)	(203)	93%
Interest and other income	8	(4)	300%	(21)	(62)	(66)%
Share based payments	96	82	17%	356	415	(14)%
Foreign exchange loss (gain)	(105)	(128)	(18)%	107	(87)	(223)%
Adjusted EBITDA	1,074	594	81%	4,529	731	520%

- (iii) Funds flow from operations is defined as “cash provided by operating activities before the change in non-cash working capital”. Funds flow from operations is a measure that provides shareholders and potential investors additional information regarding the Corporation’s liquidity and its ability to generate funds to finance its operations. Management utilizes this measure to assess the Corporation’s ability to finance operating activities and capital expenditures.

	Three Months Ended December 31			Year ended December 31		
	2014	2013	% Change	2014	2013	% Change
Operating cash flow	(1,284)	708	(307)%	2,529	(3,426)	(174)%
Changes in non-cash working capital	2,604	(181)	1,539%	1,897	4,108	(54)%
Funds flow	1,320	527	150%	4,426	682	549%

(iv) Gross margin is defined as “gross profit from services revenue before stock based compensation and depreciation”. Gross margin is a measure that provides shareholders and potential investors additional information regarding the Corporation’s cash generating and operating performance. Management utilizes this measure to assess the Corporation’s operating performance.

	Three Months Ended December 31			Year ended December 31		
	2014	2013	% Change	2014	2013	% Change
Gross profit	1,652	1,239	33%	6,400	3,659	75%
Depreciation	747	921	(19)%	2,703	2,495	8%
Gross margin	2,399	2,160	11%	9,103	6,154	48%

FORWARD-LOOKING INFORMATION

This press release contains certain statements or disclosures relating to MATRRIX that are based on the expectations of MATRRIX as well as assumptions made by and information currently available to MATRRIX which may constitute forward-looking information under applicable securities laws. In particular, this press release contains forward-looking information related to: the Corporation’s ability to continue to build and maintain customer relationships and increasing its customer base with operators active in areas with oil and/or liquids rich opportunities and strong capital expenditure programs; expectation of significant reductions in activity and pricing to continue for 2015, and for the foreseeable future; customers are extremely cautious about capital spending in 2015, and industry activity levels in Western Canada are currently expected to decline by 50% and that, coupled with competitive and pricing pressure, leads the Corporation to expect its overall Canadian results will be down materially in 2015; potentially large field developments of LNG for eventual export from Canada provide optimism for improvements in activity beyond 2015, subject to marked improvements in oil and gas commodity pricing and the approval of LNG infrastructure projects, the timing and likelihood of those projects uncertain; the Corporation is keenly focused on managing costs through reductions in staffing and compensation levels, managing equipment vendor relationships, and a continuous effort to improve operational efficiency; in the US the Corporation is carefully executing its strategy to maintain and expand its revenue base, though maximizing service quality, while maintaining reasonable field margins with an eye to strong operational efficiency and optimizing drilling operations; the Corporation’s strategy to focus its US directional and horizontal operations in the Permian along with its existing performance motor drilling operations to increase operational efficiencies; strong balance sheet and the strive to maintain operational excellence to build on existing customer relationships and create new opportunities; expectation that 2015 will be a challenging year for the industry and MATRRIX; significant reductions in customer activity and spending in both Canada and the USA; given this environment, our team is focused on service quality, cost control, and efficiency improvements, while maintaining a strong cash position and zero debt; industry downturns are always a catalyst for positive change, and MATRRIX intends to use this pause in our growth to sharpen its skills, systems, processes, and focus; customer satisfaction is core to MATRRIX’s culture, and remains committed to delivering industry leading technology and services, which will provide leverage for the eventual upturn in drilling activity.

For further information, please contact:

Richard Ryan
President & Chief Executive Officer
MATRRIX Energy Technologies Inc.
Tel: (403) 984-5062

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